

DEPARTMENT OF STATE REVENUE

LETTER OF FINDINGS NUMBER: 01-0155P

Consumer Use Tax

Calendar Year Ended December 31, 1997

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ISSUE(S)

I. Tax Administration – Penalty

Authority: IC 6-8.1-10-2.1(d); 45 IAC 15-11-2

Taxpayer protests the penalty assessed.

STATEMENT OF FACTS

Taxpayer is an administrator of insurance products that was previously audited in 1995. The current audit assessed use tax for similar items and the taxpayer did not accrue use tax.

I. Tax Administration – Penalty

DISCUSSION

At issue is whether the taxpayer was negligent in reporting its consumer use tax. A prior audit containing identical issues was completed on July 31, 1995.

Taxpayer protests the penalty because it merged out of existence in 1998 and during the period under audit, was managed by employees who have been gone since 1998. Taxpayer further states that since it is no longer in business, the penalty is being enacted upon the survivors who had no input on how the predecessors ran their affairs.

A review of the current audit revealed the taxpayer made no attempt to self assess use tax on clearly taxable items and had no use tax accrual system in place. The penalty is appropriate as the taxpayer made no effort to self assess use tax and the issue was present in a prior audit.

Taxpayer has not provided reasonable cause to allow a waiver of the penalty assessed.

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FINDING

Taxpayer's protest is denied.

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